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Docket No. 3951-4001

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

UTILITY APPLICATION AND FEE TRANSMITTAL (1.53(b))

COMMISSIONER OF PATENTS
Box Patent Application
Washington, D.C. 20231

Sir:

Transmitted herewith for filing is the patent application of

All Inventors
including Address(es): Jonathan Ellenberg, 23 Murphy Drive, Bridgewater, NJ 08807
Josh Nabozny, 15 Kingswood Way, Manalapan, NJ 07726

For: **A SYSTEM AND METHOD FOR CONDUCTING A CUSTOMER AFFINITY PROGRAM AUCTION**

Enclosed are

[X] 20 page(s) of specification, 1 page(s) of Abstract, 12 page(s) of claims

[X] 17 sheets of drawing (Figs 1, 2, 3, 4, 5, 6, 7A, 7B, 8, 9, 10, 11, 12A, 12B, 13A, 13B and 14)
[X] formal [ ] informal (as originally filed in the parent application)

[X] 6 page(s) of Declaration and Power of Attorney
[ ] Unsigned
[X] Newly Executed
[ ] Copy from prior application

[ ] Deletion of inventors including Signed Statement under 37 C.F.R. § 1.63(d)(2)

[ ] Incorporation by Reference: The entire disclosure of the prior application, from which a copy of the combined declaration and power of attorney is supplied herein, is considered as being part of the disclosure of the accompanying application and is incorporated herein by reference.

[ ] Microfiche Computer Program (Appendix)

[ ] ___ page(s) of Sequence Listing

[ ] computer readable disk containing Sequence Listing

[ ] Statement under 37 C.F.R. § 1.821(f) that computer and paper copies of the Sequence Listing are the same

[ ] Assignment Papers (assignment cover sheet and assignment documents)

[ ] Charge Fee(s) $40.00 for recording the Assignment to Deposit Account No. 13-4500 Order No. _____. A DUPLICATE COPY OF THIS SHEET IS ATTACHED

Express Mail Label No EJ005188550US

[ ] Assignment papers filed in parent application Serial No. _____.

[ ] Certification of chain of title pursuant to 37 C.F.R. § 3.73(b).

[ ] Foreign priority is claimed under 35 U.S.C. § 119 from _____ Patent Application(s) No. _____ dated _____ .

[ ] Priority document(s) will be submitted at a later date.

[ ] Priority document(s) is/are submitted herewith.

[ ] Information Disclosure Statement

[ ] Copy of ___ cited references

[ ] Preliminary Amendment

[X] Return receipt postcard (MPEP 503)

[ ] This is a [ ] continuation [ ] divisional [ ] continuation-in-part (C-I-P) of prior application serial no. _____.

[ ] Cancel in this application original claims _____ of the parent application before calculating the filing fee. (At least one original independent claim must be retained for filing purposes.)

[ ] A preliminary Amendment is enclosed. (Claims added by this Amendment have been properly numbered consecutively beginning with the number following the highest numbered original claim in the prior application.

[ ] The status of the parent application is as follows:

[ ] A Petition For Extension of Time and a Fee therefor has been or is being filed in the parent application to extend the term for action in the parent application until _____.

[ ] A copy of the Petition for Extension of Time in the co-pending parent application is attached.

[ ] No Petition For Extension of Time and Fee therefor are necessary in the co-pending parent application.

[ ] Please abandon the parent application at a time while the parent application is pending or at a time when the petition for extension of time in that application is granted and while this application is pending has been granted a filing date, so as to make this application co-pending.

[ ] Transfer the drawing(s) from the patent application to this application.

[ ] Amend the specification by inserting before the first line the sentence:
This is a [ ] continuation [ ] divisional [ ] continuation-in-part of co-pending application Serial No._____ filed _____.

Docket No. 3951-4001

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I. CALCULATION OF APPLICATION FEE

	Number Filed	Number Extra	Rate		Basic Fee
					$690.00
Total Claims	57	-20= 37	x	$18.00	$666.00
Independent Claims	9	-3= 6	x	$78.00	$468.00
Multiple Dependent Claims		[ ] yes Additional fee =		$260.00 $	$ -0-
		[X] no Additional fee =		NONE	
				Total:	$1,824.00

[ ] A statement claiming small entity status is attached or has been filed in the above-identified parent application and its benefit under 37 C.F.R. § 1.28(a) is hereby claimed. Reduced fees under 37 C.F.R. § 1.9(F) (50% of total) paid herewith $ _____.

[ ] A check in the amount of $1,824.00 in payment of the application filing fees is attached.

[ ] Charge Fee(s) to Deposit Account No. 13-4500 Order No. _____. A DUPLICATE COPY OF THIS SHEET IS ATTACHED.

[X] The Assistant Commissioner is hereby authorized to charge any additional fees which may be required for filing this application, or credit any overpayment to Deposit Account No. 13-4500, Order No. 3951-4001. A DUPLICATE COPY OF THIS SHEET IS ATTACHED.

Respectfully submitted,

MORGAN & FINNEGAN, L.L.P.

Dated: July 24, 2000

By: _____
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PATENT
Docket No. 3951-4001

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant(s)	:	Jonathan Ellenberg, et. al.		
Serial No.	:	TBA	Group Art Unit:	TBA
Filed	:	July 24, 2000	Examiner:	TBA
For	:	**A SYSTEM AND METHOD FOR CONDUCTING A CUSTOMER AFFINITY PROGRAM AUCTION**		

EXPRESS MAIL CERTIFICATE

Express Mail Label EJ005188550US

Date of Deposit July 24, 2000

COMMISSIONER OF PATENTS
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Sir:

I hereby certify that the following attached paper(s) and/or fee

1. Utility Application and Fee Transmittal (1.53(b)) (in duplicate) (3 sheets);
2. 20 page(s) of Specification, 1 page(s) of Abstract, 12 page(s) of claims, 17 sheet(s) of formal drawings (Figs. 1-6, 7A, 7B, 8-11, 12A, 12B, 13A, 13B and 14), 6 page(s) of Declaration and Power of Attorney (executed);
3. Check in the amount of $1,824.00 for application filing fees; and
4. A return receipt postcard

is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 C.F.R. §1.10 on the date indicated above and is addressed to the Commissioner Of Patents, Box Patent Application, Washington, D.C. 20231.

Francisco J. Garcia
(Typed or printed name of person mailing paper(s) and/or fee)

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PATENT

Docket No. 3951-4001

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT APPLICATION

For

A SYSTEM AND METHOD FOR CONDUCTING A CUSTOMER AFFINITY PROGRAM AUCTION

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DEPOSIT - DO NOT FILE

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A SYSTEM AND METHOD FOR CONDUCTING A CUSTOMER AFFINITY PROGRAM AUCTION

Field Of The Invention

The invention relates to customer affinity programs and, in particular, to a system and method for conducting an auction using "reward points."

Background

There are a variety of customer affinity programs where customers can earn reward points through the purchase of goods and services from a supplier and can later redeem those points for additional goods or services. Well-known examples of customer affinity programs include airline "frequent flyer" programs and credit card "reward" programs. In a frequent flyer program, a customer receives frequent flyer "miles" for traveling on a particular airline which can be redeemed for future travel on the airline. Similarly, in a credit card reward program, reward "points" or "dollars" are earned by use of a credit card to make purchases which can be redeemed through the credit card company for goods or services from a variety of suppliers.

Customer affinity programs, as the name implies, are programs that suppliers of goods or services use to develop and

maintain customer loyalty. Customers earn reward points through purchase of the goods or services from a supplier. Suppliers frequently offer promotions where additional points are given based on certain criteria (e.g. volume or types of purchases). The customers can track their reward points through, for example, periodic mailings from the supplier or on the supplier's internet site. Watching reward points grow creates customer excitement and helps to develop and maintain customer loyalty. Customers are further encouraged to continue using a supplier by the goods or services that can be obtained by redeeming reward points.

Summary

The system and method for conducting a customer affinity program auction described includes a central server that maintains databases and is connected to customer interfaces to conduct auctions of goods or services.

Customers can bid on the goods or services using reward points earned through a customer affinity program. The system and method also allows the customers to purchase additional reward points for use in the auction. A specific quantity of reward points may be purchased by the customer for

use in the auction or the customer may choose to bid on goods and services in excess of his earned reward points and pay for the additional reward points after the auction is completed. Alternatively, using the system and method, the customer can convert his reward points to a cash value and bid in cash on an item being auctioned. The auction may be customized or targeted to a particular group of customers.

The system and method also can determine a minimum bid price and bid increment for the auction of the goods or services.

Summary Of The Drawings

Fig. 1 shows an embodiment of the parties connected through the system and method.

Fig. 2 shows an embodiment of a representative central controller used with the system and method.

Figs. 3-10 show embodiments of representative databases used with the system and method.

Fig. 11 shows an embodiment of a representative method for customer registration according to the system and method.

Figs. 12A and 12B show an embodiment of a representative reward points auction according to the system and method.

Fig. 13A shows an embodiment of purchasing reward points according to the system and method.

Fig. 13B shows an embodiment of converting reward points to a cash value according to the system and method.

Fig. 14 shows an embodiment of determining the opening price and bid increment for an item according to the system and method.

Detailed Description Of The Preferred Embodiments

As shown in Fig. 1, the system and method generally includes a central controller 110 which is connected to customer interface devices 120, a reward program central controller 130, and a banking/credit card network 140. As is described more fully in the following paragraphs, the central controller 110 places an item on the "auction block" and sets a minimum bid price and a bid increment for the item. Customers at customer interface devices 120 can bid on the item using reward points they have accumulated as part of a customer affinity program and may purchase additional reward points for use in the auction.

Alternatively, using the system and method, customers can convert reward points to a cash value and bid in cash on items being auctioned.

Central controller 110 communicates with reward program central controller 130 to determine the available balance of reward points of a particular customer wanting to bid on an item. If the reward points needed to bid on the item exceed the reward points available in the customer balance, the customer may purchase additional reward points at an exchange rate or convert reward points available to a cash value for use in the auction. The central controller will interact with the banking/credit card network 140 to allow for payment for the additional reward points purchased by the customer or to allow for partial cash payment for items purchased with cash bids in the auction.

Fig. 2 shows an embodiment of a general-purpose computer used with the system and method. Central controller 110 includes data storage device 210, random access memory ("RAM") 220, read only memory ("ROM") 230 and central processing unit ("CPU") 240. The data storage device 210 conceptually includes a number of databases including, for example, a

customer database 280, a reward point database 282, a merchandise database 284, a pricing database 286, an offer database 288, a currency database 290, a customization database 292 and a fulfillment database 294. The databases are discussed in more detail below in reference to Figs. 3-14.

CPU 240 is also connected to network interfaces 260, which enable CPU 240 to connect to the customer interface devices 120. Network interfaces 270 enables the CPU 240 to connect to the reward programs central controller 130 and the banking/credit card network 140.

It should be noted that while the central controller 110 and reward program central controller 130 are shown as separate computers in Fig. 1, the functions performed by each may be consolidated into a single controller or further distributed among additional controllers.

Fig. 11 shows the process by which a customer may register for use of the customer affinity program auction system and method. As shown in Fig. 11, the customer logs onto the auction site at step 1110. At step 1120, the customer is queried as to whether he has previously registered for the customer affinity program auction method and system. If so, the

registration has previously been completed as shown at step 1150. If the customer has not previously registered, the customer enters registration information at step 1130. For example, as shown in the embodiment of the customer database 280 of Fig. 3, the customer may enter his name and address 330, personal identifier information 350 (e.g. mother's maiden name) and credit and/or debit card payment information 360 and 370. Password 320 may be selected by the customer or assigned by the system. Finally, the system will record the date the customer registered 340 and will assign a customer I.D. number 310 as shown at step 1140 of Fig. 11. The registration process is now completed as shown at step 1150.

Figs. 12A and 12B show operation of the system and method. The customer logs onto the auction site at step 1205. At this point the customer can preview auction merchandise at step 1212. This may include previewing merchandise that is on the auction block and currently being auctioned off. It also may include previewing merchandise that will be subject of upcoming auctions. To preview merchandise, the customer may access the embodiment of the merchandise database 284 as shown in Fig. 5. Merchandise database 284 may include an item code

510, a description of the item 520 and the number of units of that item that are available for purchase through the auction 530. The item code 510 is a number that facilitates tracking of particular items in the system and method. Merchandise database 284 may also include photographs or video clips of the items or promotional materials concerning the items being auctioned.

The customer is free to bid on any merchandise that is currently being auctioned as shown at step 1220 of Fig. 12A. If the customer decides not to do so, he may exit the auction site as shown at step 1222.

If the customer would like to bid on merchandise that is currently being auctioned, the customer enters his user I.D. number and password, that information is authenticated by the system and the customer may access its reward points as shown at step 1226. Accessing of the reward points involves transfer of data from the reward program central controller 130 to the auction site central controller 110 as shown in Fig. 1. As an example of the particular information that may be transferred from reward program central controller 130 to the central controller 110 and viewed by the customer, the embodiment of the reward points database 282 of Fig. 4 contains current reward

points balance 430, additional non-provider reward points 440 and reward points available for purchase 450 based on the customer I.D. number 410 or name 420.

The current reward points balance 430 refers to reward points that the customer has earned through the customer affinity program, for example, through travel on airplanes or through purchases. Additional non-provider reward points 440 refers to reward points that the customer has earned through another qualified reward program that may be transferred and used in the reward points auction. Reward points available for purchase 450 refers to the upper limit of reward points the customer may purchase as part of the system and method.

If the customer has a sufficient number of points in its current reward points balance 430 to bid on the merchandise as shown at step 1230 of Fig. 12A, the customer may proceed to bid on the merchandise as shown at step 1240 or decide not to bid on the merchandise and exit the auction as shown at step 1236. If, however, the reward points required to bid on the merchandise exceeds the current reward points balance available to the customer 430 and additional non-provider reward points 440 available to the customer as shown at step 1230, the

customer may decide to purchase additional reward points as shown at step 1232. Alternatively, if the customer decides not to purchase additional reward points, he may opt to convert his current reward points balance 430 and additional non-provider reward points 440 to a cash value for use in the auction as shown at step 1234. If the customer decides not to purchase reward points and not to convert reward points to a cash value, it may exit the auction as shown at step 1236.

Fig. 13A shows the operation of the system and method with respect to the purchase of additional reward points. If he customer would like to purchase additional reward points, the customer accesses the reward points available for purchase as shown at step 1310. Currency database 290 of Fig. 8 participates in this process. Currency database 290 may include a customer I.D. number 810, a current reward points balance 820, reward points available for purchase 830, the cost of purchasing the reward points in various currency exchange rates, for example, U.S. dollars 840, Francs 850 or Euros 860. The exchange rate is merely the rate at which reward points may be purchased. In other words, how many dollars per point or how many units of another currency, for example, Francs or Euros per

reward point. For example, as shown in currency database 290 of Fig. 8 the customer has 25,000 reward points available for purchase and, with respect to U.S. dollars, the exchange rate is .01 U.S. dollars per point as shown at column 840 such that the 25,000 reward points available for purchase may be purchased for 250.00 U.S. dollars. Similarly, as shown in columns 850 and 860, the exchange rate is .06 Francs per point and .01 Euro per point such that the 25,000 reward points available for purchase may be purchased for either 1,500 Francs or 250 Euro.

Returning to Fig. 13A, the desired reward points exchange rate is displayed as shown at step 1320. At this point the customer may opt to purchase a specific number of reward points for use in the auction as shown in step 1330. The customer then selects the amount of reward points to purchase in the desired currency as shown in step 1340. For example, the customer may decide to purchase the 10,000 reward points at an exchange rate of .01 U.S. dollars per point and thus purchase 10,000 reward points for $100.00. The cost of the reward points purchase at the exchange rate can then be charged to the customer's credit card account or debited from the customer's bank account as shown in step 1350.

However, the customer may decide not to purchase specific number of reward points but in fact leave the number of reward points to be purchased open or "floating" during the auction as shown at step 1360. The floating purchase of reward points means that however many reward points the customer expends in the auction beyond its available balance of reward points will be later charged to its credit card account or debited from its bank account at the appropriate exchange rate, up to a certain limit of reward points available for purchase. Once the customer has either purchased a specific quantity of additional awards points or selected a floating purchase of reward points at the exchange rate, the customer is returned to step 1226 in Fig. 12A to bid on the merchandise being offered.

Fig. 13B shows the operation of the system and method with respect to the conversion of reward points to a cash value for use in the auction. If the customer would like to convert reward points to a cash value for use in the auction, the reward points "exchange rate" is displayed as shown at step 1370. Currency database 290 of Fig. 8 participates in this process. The reward points balance is then converted to a cash value using the desired exchange rate as shown in step 1380. For

example, the customer may decide to convert 10,000 reward points to a cash value at an exchange rate of .01 U.S. dollars per point to obtain $100.00 for use in the auction. The cash value of the reward points may then be used to bid on merchandise being offered in the auction. After converting reward points to a cash value, the customer is returned to step 1240 in Fig. 12A to bid on the merchandise being offered.

The customer may bid on merchandise as shown at step 1240 in Fig. 12A. The customer may bid in reward points, using reward points accumulated or purchased, or in cash, using a cash value of reward points as a portion of the total cash bid. The system keeps track of the customer's bids and other bids received as shown in the embodiment of the offer database 288 of Figs. 7A and 7B. As shown in Fig. 7A, offer database 288 may include a customer I.D. number 710, an offer number 720, item code 730, a minimum opening bid 740, a bid increment 750, an opening bid date 760, an auction cutoff date 770, a customer opening bid 780 and a customer latest bid 790. As shown in Fig. 7B, the offer database 288 also may correlate the highest bid 792 to an offer number 794 and customer I.D. number 796.

If a higher bid is received as shown at step 1242, the original bid will be replaced by the higher bid in column 792 in offer database 7B as shown at step 1250. Whether or not a higher bid is received, the system will monitor whether the time period for the auction has expired as shown in step 1246. The system will monitor whether a higher bid has been received until the time period for the auction has expired. If the time period for the auction has expired as shown at step 1246, the highest bidder purchases the merchandise as shown at step 1260.

At this point the system queries whether the customer has selected the "floating" purchase reward points as shown at step 1262. If not, as shown at step 1266, if the bid was made in reward points, the reward points expended in the auction for purchase of the merchandise are deducted from the customer's reward points total shown in column 430 of Fig. 4, the reward points expended are then transmitted from the central controller 110 to the reward programs central controller 130 for debiting from the customer's reward points balance maintained by the central controller 130. If the bid was made in cash, the cash expended in the auction less the cash value of reward points

exchanged by the customer are charged to the customer's credit card account or debited from the customer's bank account.

If, however, the customer had selected the floating purchase of reward points (step 1262), then the reward points expended in the auction are deducted from the customer's reward points balance up to the customer's current balance of reward points shown in column 430 of Fig. 4 as shown in step 1270. Any remaining reward points required to purchase the goods expended in the auction are charged to the customer's credit card account or debited from the customer's bank account at the exchange rate of the desired currency shown at step 1272.

At this point, the auction is complete and the merchandise can be delivered to the customer as shown at step 1276 in accordance with the information in the embodiment of the fulfillment database 294 of Fig. 10. Fulfillment database 294 may include the customer I.D. number 1010, a customer name and address 1020, the particular product 1030 and the method of delivery 1040.

Referring particularly to the embodiment of the customization database 292 of Fig. 9, the auction system and method as described above may be customized in various ways.

Customization database 292 may include the customer I.D. number 910, a geographic code 920, a customer profession 930, customer interest 940 and previous reward points redemption 950. Customization database 292 is used to allow targeted auctions. For example, goods may be auctioned to customers in a particular geographic area as determined by a geographic code 920. Such an auction might be for the purchase of a sporting event ticket in the New York City area and may only be made available to customers in that area. Similarly, an auction may be customized, for example, by a consumer's profession 930 or a particular interest 940 or by keeping track of previous redemptions of reward points for particular products 950. In this manner, an auction may be limited to customer's having a certain interest or profession or previous history of reward points redemption. This is a way of generating particularized interest in the auction system and method.

Fig. 14 shows the method and system for setting the minimum opening bid price and the bid increment for use in the customer affinity program auction system and method. As shown in step 1410, the popularity of the item is determined. The time period for the auction is set as shown in step 1420. The

type of auction is determined as shown in step 1430. Using the foregoing information, the system sets the minimum opening bid price at step 1450 and bid increment at step 1460.

The embodiment of pricing database 286 of Fig. 6 is used as part of this process to determine the opening bid price and bid increment. The pricing database may include an item code 610, a description of the item 620, the cost of the item to the provider of the system and method 630, the popularity of the item 640, the period of usage 650, the type of auction 660, an auction pricing discount factor 670, a minimum opening bid 680 and a bid increment 690. The popularity of the item 640 refers to the expected activity during the auction based on, for example, prior experience with the same or similar goods or general customer preferences. The period of usage 650 refers to the time that the auction will be taking place and typically how many customers are accessing the system during that time. The type of auction reflects flexible criteria that helps determine the minimum opening bid price and the bid increment. This can be determined again by the system and method based on prior history or by the operator of the system and method. For example, the type of good being sold may be a luxury item or the

type of auction may be occurring during normal or peak usage times. The auction pricing discount factor 670 is the factor applied by the system and method to determine the minimum opening bid 680. The minimum bid 680 and bid increment 690 is expressed in reward points and a cash value (e.g. dollars as shown in Fig. 6).

For example as shown in the first row of Fig. 6 for a normal type auction a typical auction pricing discounting factor might be 60%. Multiplying the cost of the goods to the provider times the auction pricing discount factor divided by a determined reward points value, the system and method can arrive at a minimum opening bid price. For example as shown in the first column of Fig. 6, the cost of the sporting events ticket is $125.00 to the provider multiplying that times the auction pricing discount factor of 60% which was set based on it being a normal type auction during a moderate period of usage for a highly popular item and dividing that by .015 U.S. dollars per point, to arrive at a minimum opening bid of 5,000 points. Likewise the biding increment of 1000 points is set based on the fact that the type of auction is normal, the period of usage is moderate and the popularity item is high.

For other types of items, for example, luxury goods as shown in the third row of Fig. 6, the auction pricing discount factor can be set much higher. Alternatively, as shown in the second column of Fig. 6, when the period of usage for the auction is during the peak period, the type of auction is classified as a peak usage auction and auction pricing discount factor is 33% resulting in a much lower opening bid for the same goods as shown in the first row of Fig. 6. The rationale for this pricing scheme is that during periods of peak usage, more people will be biding on items on the auction block such that even at a lower opening bid price and a lower bid increment, the price will be driven up to an equilibrium level before the ultimate sale.

The above description of various preferred embodiments has been presented for purposes of illustration and description. It is not intended to be exhaustive or limiting to the precise forms disclosed. Obvious modifications or variations are possible in light of the above teachings. The embodiments discussed were chosen and described to provide illustrations and their practical application. All such modifications and variations are within the system as determined by the appended

claims when interpreted in accordance with the breadth to which they are fairly, legally and equitably entitled.

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We claim:

1. A method of conducting a customer affinity program auction, comprising:

receiving a bid of reward points from a customer for merchandise being offered in the auction.

2. The method of claim 1, further comprising:

receiving registration information from the customer.

3. The method of claim 2, wherein the customer registration information includes payment information.

4. The method of claim 1, further comprising:

providing a preview of the merchandise being offered in the auction.

5. The method of claim 1, further comprising

authenticating the customer; and

allowing the customer to access a reward points balance.

6. The method of claim 5 further comprising

allowing the customer to purchase additional reward points for use in the auction.

7. The method of claim 6, wherein the customer is allowed to purchase a specific number of reward points at an exchange rate.

8. The method of claim 7 further comprising determining a cost for the reward points purchased and transmitting a request for payment for the cost of the reward points.

9. The method of claim 6, further comprising allowing a purchase of reward points on a floating basis.

10. The method of claim 1, further comprising:

deducting reward points expended in the auction from a reward points balance.

11. The method of claim 9, further comprising:

determining a cost for purchasing reward points expended in the auction in excess of the customer's reward points balance and transmitting a request for payment for the cost of the reward points.

12. A customer affinity program auction system, comprising:

a central controller constructed to receive a bid of reward points from a customer for merchandise being offered in the auction.

13. The system of claim 12, further comprising:

the central controller is constructed to receive registration information from the customer.

14. The system of claim 13, wherein the customer registration information received by the central controller includes payment information.

15. The system of claim 12, further comprising:

the central controller is constructed to provide a preview of the merchandise being offered in the auction.

16. The system of claim 12, further comprising

the central controller is constructed to authenticate the customer and allow the customer to access a reward points balance.

17. The system of claim 16 further comprising

the central controller is constructed to allow the customer to purchase additional reward points for use in the auction.

18. The system of claim 17, wherein the central controller is constructed to allow the customer to purchase a specific number of reward points at an exchange rate.

19. The system of claim 18 further comprising the central controller is constructed to determine a cost for the reward points purchased and transmits a request for payment for the cost of the reward points.

20. The system of claim 17, wherein the central controller is constructed to allow the customer to purchase reward points on a floating basis.

21. The system of claim 12, further comprising:

the central controller is constructed to deduct reward points expended in the auction from a reward points balance.

22. The system of claim 20, further comprising:

the central controller is constructed to determining a cost for purchasing reward points expended in the auction in excess of the customer's reward points balance and transmitting a request for payment for the cost of the reward points.

23. Computer executable code stored on a computer readable medium for conducting a customer affinity program auction, comprising:

a module to receive a bid of reward points from a customer for merchandise being offered in the auction.

24. The computer executable code of claim 23, further comprising:

a module to receive registration information from the customer.

25. The computer executable code of claim 24, wherein the customer registration information includes payment information.

26. The computer executable code of claim 23, further comprising:

a module to provide a preview of merchandise being offered in the auction.

27. The computer executable code of claim 23, further comprising

a module to authenticate the customer; and

a module to allow the customer to access a reward points balance.

28. The computer executable code of claim 27 further comprising

a module to allow the customer to purchase additional reward points for use in the auction.

29. The computer executable code of claim 28, wherein the customer is allowed to purchase a specific number of reward points at an exchange rate.

30. The computer executable code of claim 29 further comprising a module to determine a cost for the reward points purchased and a module to transmit a request for payment for the cost of the reward points.

31. The computer executable code of claim 28, further comprising allowing a purchase of reward points on a floating basis.

32. The computer executable code of claim 23, further comprising:

a module to deduct reward points expended in the auction from a reward points balance.

33. The computer executable code of claim 31, further comprising:

a module to determine a cost for purchasing reward points expended in the auction in excess of the customer's reward points balance and a module to transmit a request for payment for the cost of the reward points.

34. A method of conducting a customer affinity program auction comprising:

determining a minimum opening bid price by applying an auction pricing discount factor in reward points based on the merchandise being auctioned and the time period of the auction.

35. The method of claim 34, further comprising:

determining a bid increment.

36. A customer affinity program auction system comprising:

a central controller constructed to determining a minimum opening bid price by applying an auction pricing discount factor in reward points based on the merchandise being auctioned and the time period of the auction.

37. The system of claim 36, further comprising:

the central controller is constructed to determine a bid increment.

38. Computer executable code stored on a computer readable medium for conducting a customer affinity program auction, comprising:

a module to determine a minimum opening bid price by applying an auction pricing discount factor in reward points based on the merchandise being auctioned and the time period of the auction.

39. The computer executable code of claim 38, further comprising:

a module to determine a bid increment.

40. A method of conducting a customer affinity program auction comprising:

receiving a bid in cash from a customer for merchandise being offered in the auction,

wherein at least a portion of the bid is paid for by reward points converted to a cash value.

41. The method of claim 40, further comprising:

receiving registration information from the customer.

42. The method of claim 41, wherein the customer registration information includes payment information.

43. The method of claim 40, further comprising:

providing a preview of the merchandise being offered in the auction.

44. The method of claim 40, further comprising

authenticating the customer; and

allowing the customer to access a reward points balance.

45. The method of claim 40 wherein the reward points are converted to a cash value using an exchange rate.

46. A customer affinity program auction system, comprising:

a central controller constructed to receive a bid in cash from a customer for merchandise being offered in the auction,

wherein at least a portion of the bid is paid for by reward points converted to a cash value.

47. The system of claim 46, further comprising:

the central controller is constructed to receive registration information from the customer.

48. The system of claim 47, wherein the customer registration information includes payment information.

49. The system of claim 46, further comprising:

the central controller is constructed to provide a preview of the merchandise being offered in the auction.

50. The system of claim 46, further comprising

the central controller is constructed to authenticate the customer and allow the customer to access a reward points balance.

51. The system of claim 46 wherein the central controller is constructed so that the reward points are converted to a cash value using an exchange rate.

52. Computer executable code stored on a computer readable medium for conducting a customer affinity program auction, comprising:

a module to receive a bid in cash from a customer for merchandise being offered in the auction,

wherein at least a portion of the bid is paid for by reward points converted to a cash value.

53. The computer executable code of claim 52, further comprising:

a module to receive registration information from the customer.

54. The computer executable code of claim 53, wherein the customer registration information includes payment information.

55. The computer executable code of claim 52, further comprising:

a module to provide a preview of the merchandise being offered in the auction.

56. The computer executable code of claim 52, further comprising

a module to authenticate the customer; and

a module to allow the customer to access a reward points balance.

57. The computer executable code of claim 52 wherein the module converts reward points to a cash value using an exchange rate.

Abstract

A system and method is described that allows customers to bid on the goods or services using reward points earned through a customer affinity program. The system and method also allows the customers to purchase additional reward points for use in the auction. A specific quantity of reward points may be purchased by the customer for use in the auction or the customer may choose to bid on goods and services in excess of his earned reward points and pay for the additional reward points after the auction is completed. Alternatively, the customer may convert reward points to a cash value for use in the auction. The auction may be customized or targeted to a particular group of customers.

Fig. 1

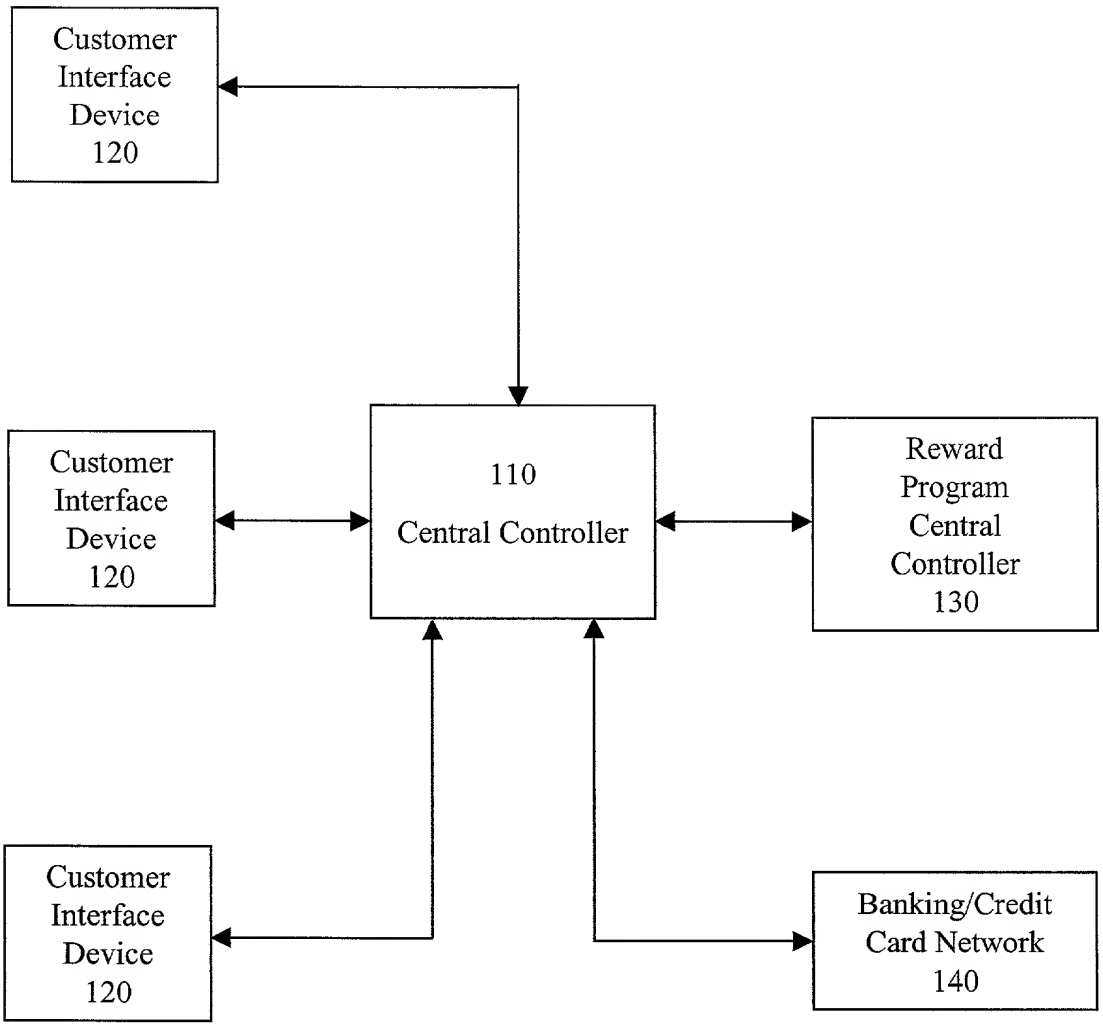

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Fig. 2

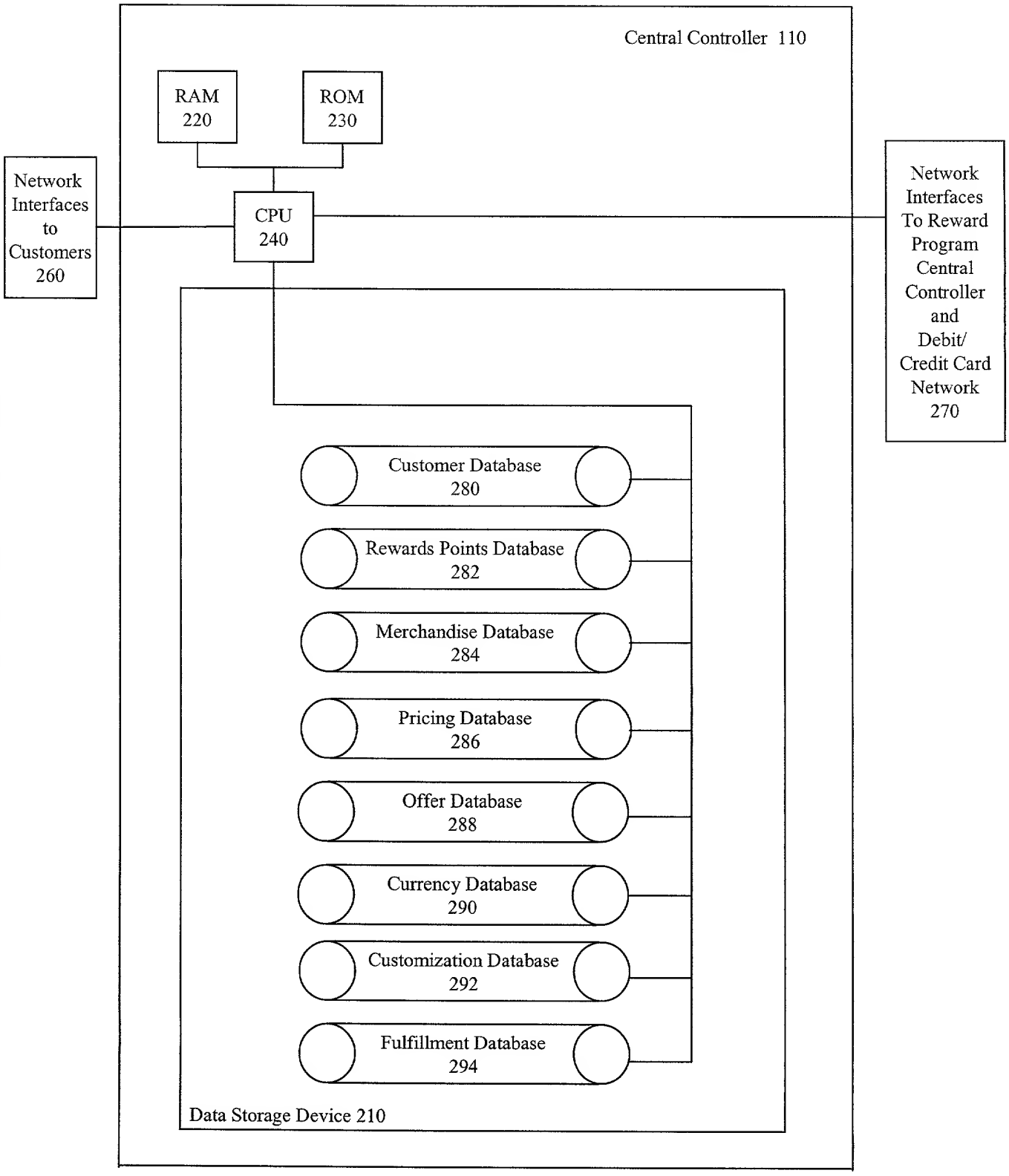

Exhibit 2 Page 2 of 2

Fig. 3

Customer Database 280

310 Customer ID	320 Customer Password	330 Customer Name and Address	340 Registration Date	350 Personal Identifier	360 Credit Card No. (Exp'n Date)	370 Debit Card No. (Bank)
123456	7890	John Smith 123 Park Avenue NY, NY 12345 jsmith@msn.com	6/1/98	Mother's Maiden Name = Doe	1234 5678 9012 3456 (12/00)	123-456-789 (1st Nat'l)
•	•	•	•	•	•	
•	•	•	•	•	•	
•	•	•	•	•	•	

00h20" 62th2960

Fig. 4

Reward Points Database 282

410 Customer ID	420 Customer Name	430 Current Reward Points Balance	440 Additional Non-Provider Reward Points	450 Reward Points Available for Purchase
123456	John Smith	25,000	5,000	25,000
•	•	•	•	•
•	•	•	•	•
•	•	•	•	•

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Fig. 5

Merchandise Database 284

510 Item Code	520 Description	530 Available Units
0001	Sporting Event Ticket	10 Tickets
0002	Fine French Wine	2 bottles
•	•	•
•	•	•
•	•	•

Fig. 6

Pricing Database 286

610 Item Code	620 Description	630 Cost to Provider	640 Popularity of Item	650 Period of usage	660 Type of Auction	670 Auction Pricing Discount Factor	680 Minimum Opening Bid	690 Bid Increment
0001	Sporting Event Ticket	$125.00	high	moderate	normal	60%	5,000 pts $75	1,000pts $15
0001	Sporting Event Ticket	$125.00	high	peak	peak usage	33%	2,750 pts $40	500 pts $7.50
0002	Fine French Wine	$500.00	moderate	moderate	luxury	75%	25,000 pts $375	5,000 pts $75
• • •	• • •	• • •	• • •	• • •	• • •	• • •	• • •	• • •

00h220" 65Thh2960

Fig. 7A

Offer Database 288

710 Customer ID	720 Offer No.	730 Item Code	740 Minimum Opening Bid	750 Bid Increment	760 Opening Bid Date	770 Auction Cutoff Date	780 Customer Opening Bid	790 Customer Latest Bid
123456	234567	0001	5,000	100	7/1/00	7/10/00	5,000	6,000
345678	456789	0002	25,000	500	8/1/00	8/30/00	25,500	30,500
•	•	•	•	•	•	•	•	•
•	•	•	•	•	•	•	•	•
•	•	•	•	•	•	•	•	•

Fig. 7B

Offer Database 288

792 Highest Bid	794 Offer No.	796 Customer ID
6000	234567	123456
•	•	•
•	•	•
•	•	•

Fig. 8

Currency Database 290

810 Customer ID	820 Current Reward Points Balance	830 Reward Points Available For Purchase	840 Cost to Purchase Reward Points (USD)	850 Costs to Purchase Reward Points (Francs)	860 Cost to Purchase Reward Points (Euro)
123456	25,000	25,000	.01/pt = 250	.06/pt = 1500	.01/pt = 250
•	•	•	•	•	•
•	•	•	•	•	•
•	•	•	•	•	•

Fig. 9

Customization Database 292

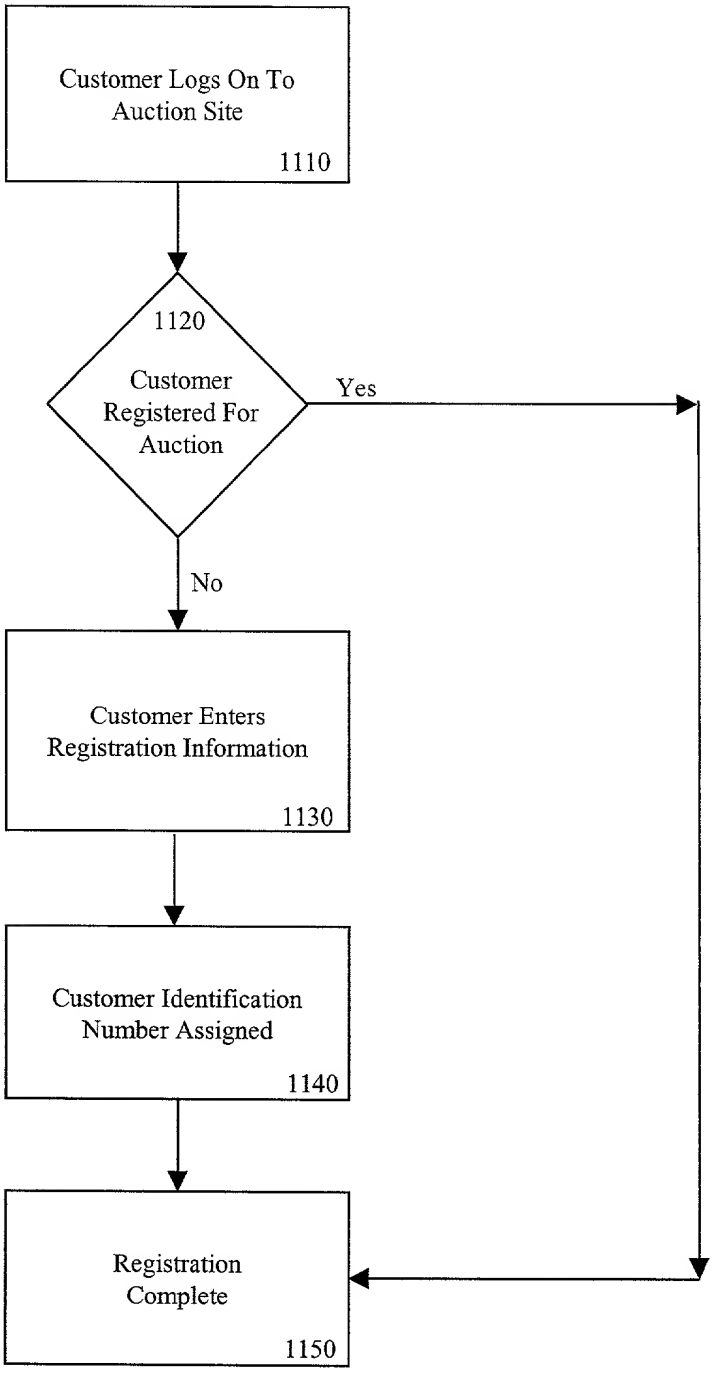
910 Customer ID	920 Geographic Code	930 Customer Profession	940 Customer Interests	950 Previous Reward Redemptions
123456	New York City Metropolitan Area	Teacher	Sporting Events	Baseball Tickets
345678	Washington, D.C. Metropolitan Area	Lawyer	Food and Wine	Fine Wine
• • •	• • •	• • •	• • •	• • •

Fig. 10

Fulfillment Database 294

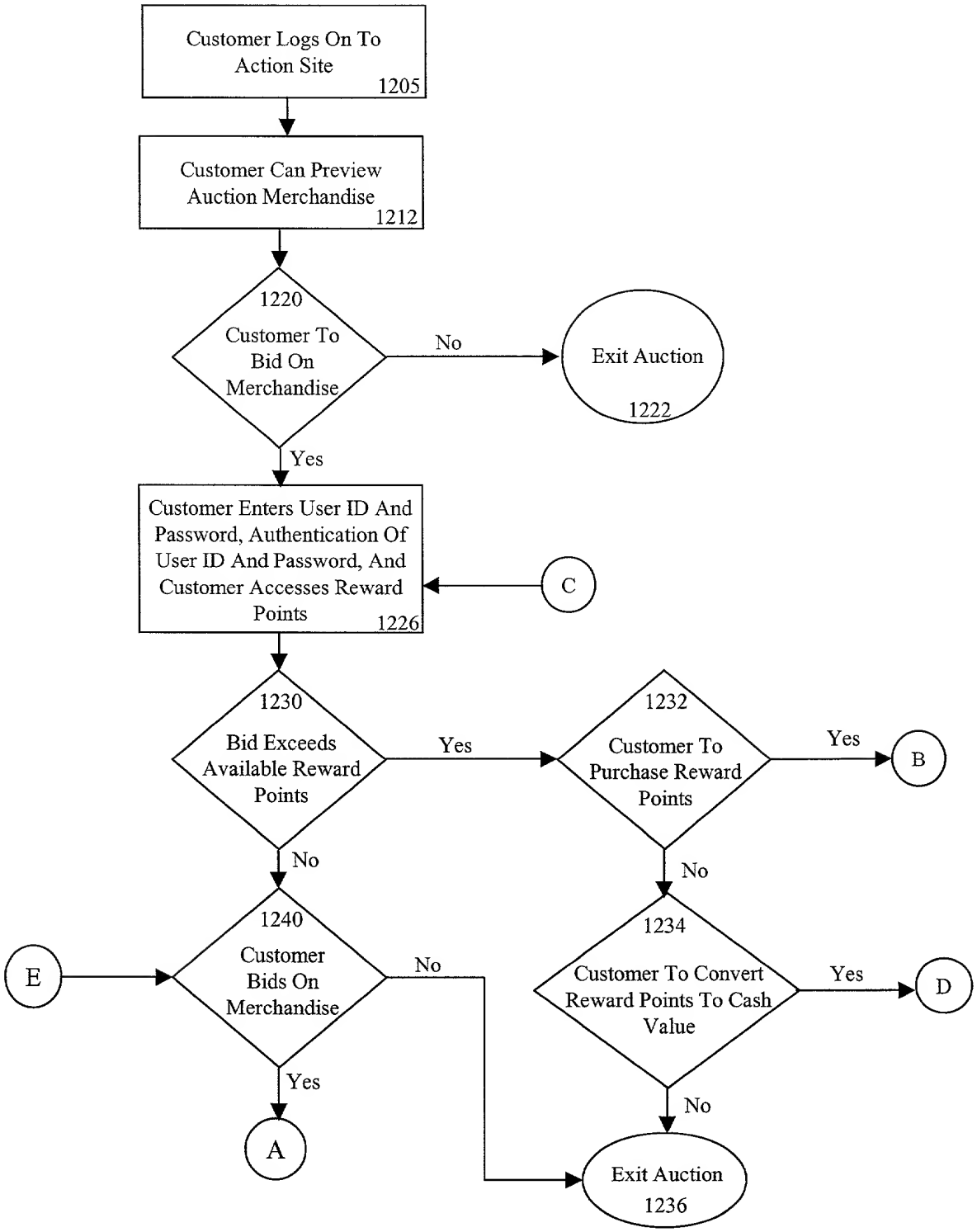
1010 Customer Id	1020 Customer Name And Address	1030 Product	1040 Delivery
123456	John Smith 123 Park Avenue N.Y., N.Y. 123456 jsmith@msn.com	Sporting Event Ticket	Ground Service
•	•	•	•
•	•	•	•
•	•	•	•

Fig. 11



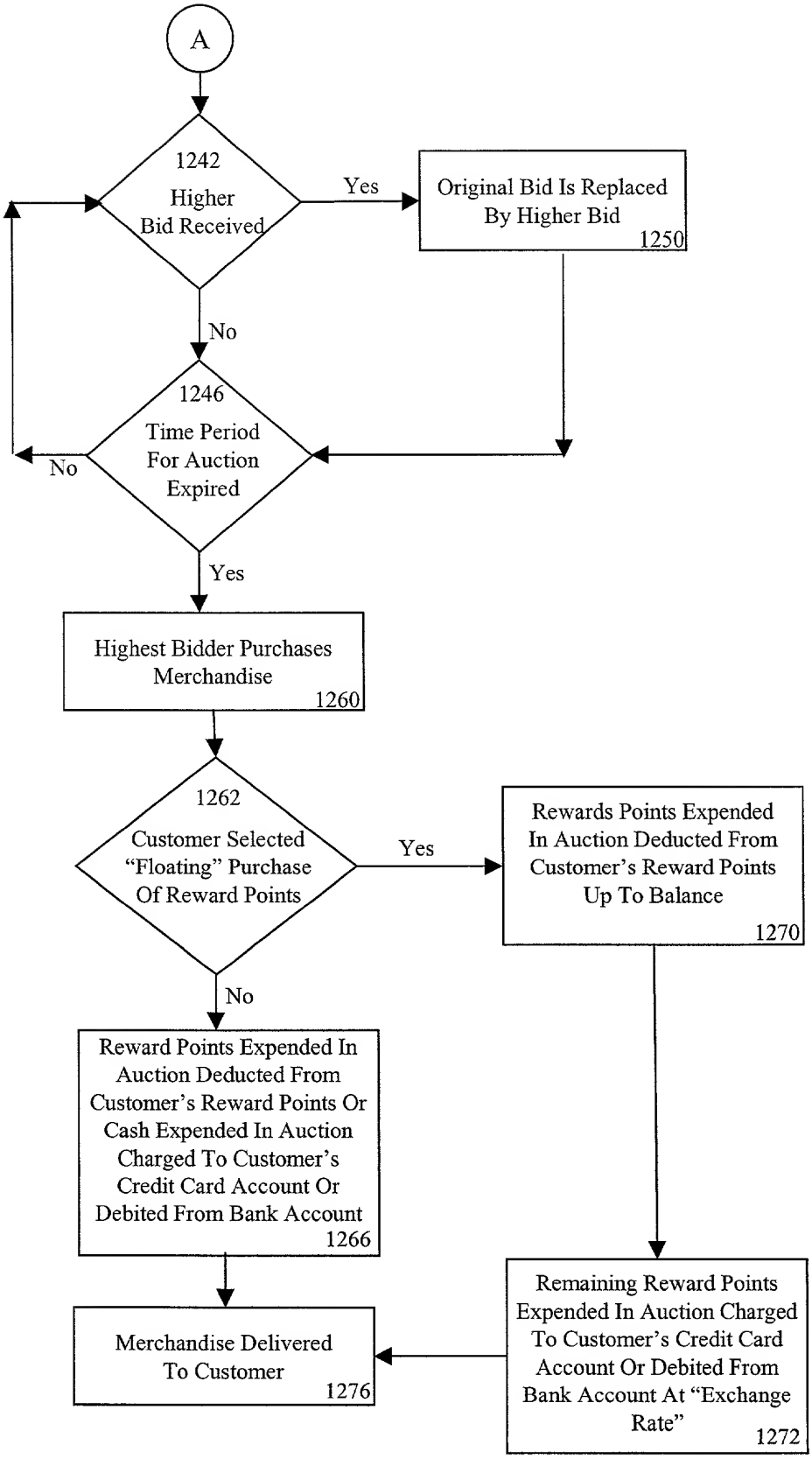
Document Page 2 of 2

Fig. 12A



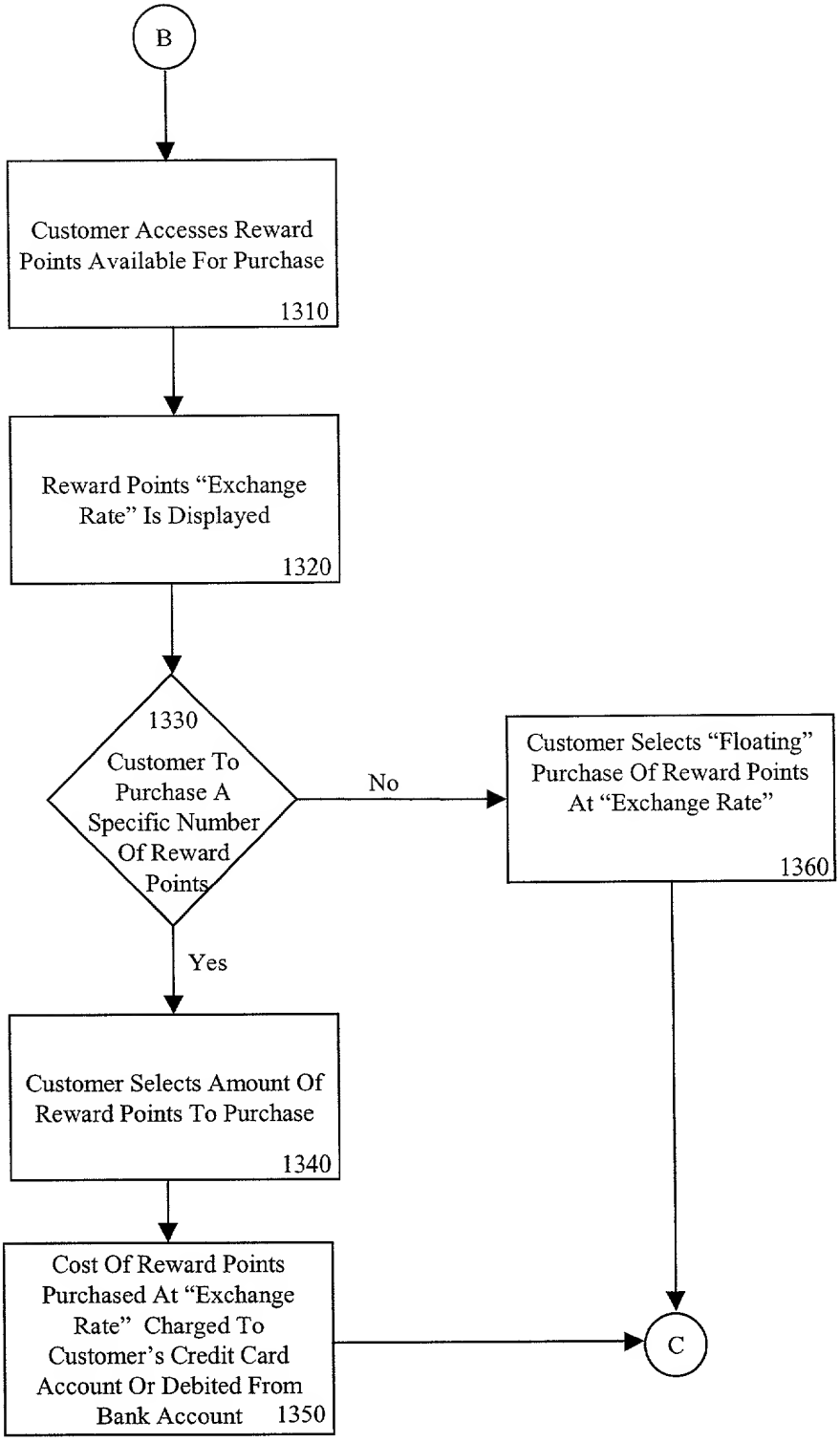
Docket No. 50277-0010

Fig. 12B



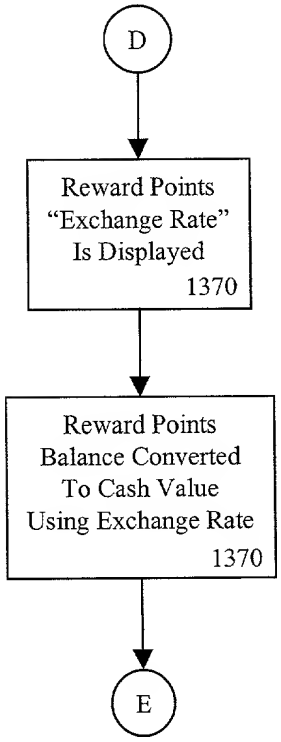
Docket No. 50277-2000

Fig. 13A



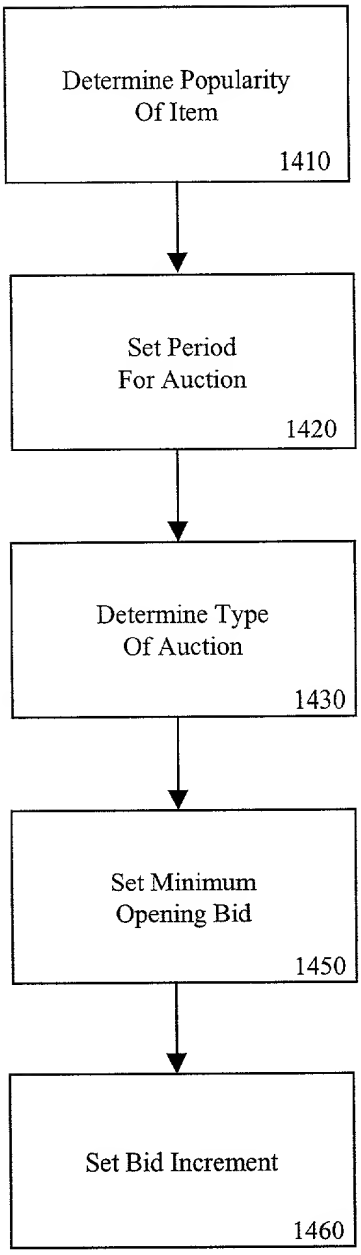
Docket No. 50277-2000

Fig. 13B



Document Number: 20120130000

Fig. 14



Electronic Patent Application Fee Transmittal

Docket No. 3951-4001

COMBINED DECLARATION AND POWER OF ATTORNEY FOR
ORIGINAL, DESIGN, NATIONAL STAGE OF PCT, SUPPLEMENTAL
DIVISIONAL, CONTINUATION OR CONTINUATION-IN-PART APPLICATION

As a below name inventor, I hereby declare that:

My residence, post office address and citizenship are as stated below next to my name,

I believe I am an original, first and joint inventor of the subject matter which is claimed and for which a patent is sought on the invention entitled:

A SYSTEM AND METHOD FOR CONDUCTING A CUSTOMER AFFINITY PROGRAM AUCTION
the specification of which

a. [X] is attached hereto

b. [ ] was filed on _____ as application Serial No. _____ and was amended on _____. (if applicable).

PCT FILED APPLICATION ENTERING NATIONAL STAGE

c. [ ] was described and claimed in International Application No. _____ filed on _____ and as amended on _____. (if any).

I hereby state that I have reviewed and understand the contents of the above-identified specification, including the claims, as amended by any amendment referred to above.

I acknowledge the duty to disclose information which is material to the patentability as defined in Title 37, Code of Federal Regulations, § 1.56.

I hereby specify the following as the correspondence address to which all communications about this application are to be directed:

SEND CORRESPONDENCE TO: MORGAN & FINNEGAN, L.L.P
345 Park Avenue
New York, N.Y. 10154

DIRECT TELEPHONE CALLS TO: Mark J. Abate
(212) 758-4800

[ ] I hereby claim foreign priority benefits under Title 35, United States Code § 119(a)-(d) or under § 365(b) of any foreign application(s) for patent or inventor's certificate or under § 365(a) of any PCT international application(s) designating at least one country other than the U.S. listed below and also have identified below such foreign application(s) for patent or inventor's certificate or such PCT international application(s) filed by me on the same subject matter having a filing date within twelve (12) months before that of the application on which priority is claimed:

[ ] The attached 35 U.S.C. § 119 claim for priority for the application(s) listed below forms a part of this declaration.

Country/PCT	Application Number	Date of filing (day, month, yr)	Date of Issue (day, month, yr)	Priority Claimed
				[ ] YES [ ] NO
				[ ] YES [ ] NO
				[ ] YES [ ] NO

[ ] I hereby claim the benefit under 35 U.S.C. § 119(e) of any U.S. provisional application(s) listed below.

Provisional Application No.	Date of Filing (day, month, yr)

ADDITIONAL STATEMENTS FOR DIVISIONAL, CONTINUATION OR CONTINUATION-IN-PART OR PCT INTERNATIONAL APPLICATION(S) (DESIGNATING THE U.S.)

I hereby claim the benefit under Title 35, United States Code § 120 of any United States application(s) or under § 365(c) of any PCT international application(s) designating the U.S. listed below.

US/PCT Application Serial No.	Filing Date	Status (patented, pending, abandoned)/ U.S. application no. assigned (For PCT)
US/PCT Application Serial No.	Filing Date	Status (patented, pending, abandoned)/ U.S. application no. assigned (For PCT)

[ ] In this continuation-in-part application, insofar as the subject matter of any of the claims of this application is not disclosed in the above listed prior United States or PCT international application(s) in the manner provided by the first paragraph of Title 35, United States Code, § 112, I acknowledge the duty to disclose material information as defined in Title 37, Code of Federal Regulations, § 1.56(a) which occurred between the filing date of the prior application(s) and the national or PCT international filing date of this application.

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or Imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

I hereby appoint the following attorneys and/or agents with full power of substitution and revocation, to prosecute this application, to receive the patent, and to transact all business in the Patent and Trademark Office connected therewith: John A. Diaz (Reg. No. 19,550), John C. Vassil (Reg. No. 19,098), Alfred P. Ewert (Reg. No. 19,887),

David H. Pfeffer (Reg. No. 19,825), Harry C. Marcus (Reg. No. 22,390), Robert E. Paulson (Reg. No. 21,046), Stephen R. Smith (Reg. No. 22,615), Kurt E. Richter (Reg. No. 24,052), J. Robert Dailey (Reg. No. 27,434), Eugene Moroz (Reg. No. 25,237), John F. Sweeney (Reg. No. 27,471), Arnold I. Rady (Reg. No. 26,601), Christopher A. Hughes (Reg. No. 26,914), William S. Feiler (Reg. No. 26,728), Joseph A. Calvaruso (Reg. No. 28,287), James W. Gould (Reg. No. 28,859), Richard C. Komson (Reg. No. 27,913), Israel Blum (Reg. No. 26,710), Bartholomew Verdirame (Reg. No. 28,483), Maria C.H. Lin (reg. No. 29,323), Joseph A. DeGirolamo (Reg. No. 28,595), Michael P. Dougherty (Reg. No. 32,730), Seth J. Atlas (Reg. No. 32,454), Andrew M. Riddles (Reg. No. 31,657), Bruce D. DeRenzi (Reg. No. 33,676), Michael M. Murray (Reg. No. 32,537), Mark J. Abate (Reg. No. 32,527), Alfred L. Haffner, Jr. (Reg. No. 18,919), Harold Haidt (Reg. No. 17,509), John T. Gallagher (Reg. No. 35,516), Steven F. Meyer (Reg. No. 35,613), Kenneth H. Sonnenfeld (Reg. No. 33,285), Tony V. Pezzano (Reg. No. 38,271), Andrea L. Wayda (Reg. No. 43,979) and Walter G. Hanchuk Reg. No. (35,179) of Morgan & Finnegan, L.L.P. whose address is: 345 Park Avenue, New York, New York, 10154; and Michael S. Marcus (Reg. No. 31,727) and John E. Hoel (Reg. No. 26,279) of Morgan & Finnegan, L.L.P., whose address is 1775 Eye Street, Suite 400, Washington, D.C. 20006.

[X] I hereby authorize the U.S. attorneys and/or agents named hereinabove to accept and follow instructions from Patrick Romain, Esq. as to any action to be taken in the U.S. Patent and Trademark Office regarding this application without direct communication between the U.S. attorneys and/or agents and me. In the event of a change in the person(s) from whom instructions may be taken I will so notify the U.S. attorneys and/or agents hereinabove.

Full name of sole or first inventor Jonathan Ellenberg

Inventor's signature* _____ 7/12/00 date

Residence 23 Murphy Drive, Bridgewater, NJ 08807

Citizenship USA

Post Office Address 23 Murphy Drive, Bridgewater, NJ 08807

Full name of second joint inventor, if any Josh Nabozny

Inventor's signature* _____ 7/12/00 date

Residence 15 Kingswood Way, Manalapan, NJ 07726

Citizenship USA

Post Office Address 15 Kingswood Way, Manalapan, NJ 07726

[ ] ATTACHED IS/ARE ADDED PAGE(S) TO COMBINED DECLARATION AND POWER OF ATTORNEY FORM FOR SIGNATURE BY FOURTH AND SUBSEQUENT INVENTORS

* Before signing this declaration, each person signing must:

1. Review the declaration and verify the correctness of all information therein; and

2. Review the specification and the claims, including any amendments made to the claims.

After the declaration is signed, the specification and claims are not to be altered.

To the inventor(s):

The following are cited in or pertinent to the declaration attached to the accompanying application:

Title 37, Code of Federal Regulation, § 1.56

Duty to disclose information material to patentability.

(a) A patent by its very nature is affect with a public interest. The public interest is best served, and the most effective patent examination occurs when, at the time an application is being examined, the Office is aware of and evaluates the teachings of all information material to patentability. Each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section. The duty to disclose information exists with respect to each pending claim until the claim is canceled or withdrawn from consideration, or the application becomes abandoned. Information material to the patentability of a claim that is canceled or withdrawn from consideration need not be submitted if the information is not material to the patentability of any claim remaining under consideration in the application. There is no duty to submit information which is not material to the patentability of any existing claim. The duty to disclose all information known to be material to patentability is deemed to be satisfied if all information known to be material to patentability of any claim issued in patent was cited by the Office or submitted to the Office in the manner prescribed by §§1.97(b)-(d) and 1.98. However, no patent will be granted on an application in connection with which fraud on the Office was practiced or attempted or the duty of disclosure was violated through bad faith or intentional misconduct. The Office encourages applicants to carefully examine:

(1) prior art cited in search reports of a foreign patent office in a counterpart application, and

(2) the closest information over which individuals associated with the filing or prosecution of a patent application believe any pending claim patentably defines, to make sure that any material information contained therein is disclosed to the Office.

Title 35, U.S. Code § 101

Inventions patentable

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Title 35 U.S. Code § 102

Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless –

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent,

(b) the invention was patented or described in a printed publication in this or foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate field more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other ...

Title 35, U.S. Code § 103

Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Subject matter developed by another person, which qualifies as prior art only under subsection (f) or (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

Title 35, U.S. Code § 112 (in part)

Specification

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise and exact terms also enable any person skilled in the art to which it pertains, or with which it is mostly nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Title 35, U.S. Code § 119

Benefit of earlier filing date in foreign country; right of priority

An application for patent for an invention filed in this country by any person who has, or whose legal representatives or assigns have, previously regularly filed an application for a patent for the same invention in a foreign country which affords similar privileges in the case of applications filed in the United States or to citizens of the United States, shall have the same effect as the same application would have if filed in this country on the date on which the application for patent for the same invention was first filed in such foreign country, if the application in this country is filed within twelve months from the earliest date on which such foreign application was filed; but no patent shall be granted on any application for patent for an invention which had been patented or described in a printed publication in any country more than one year before the date of he actual filing of the application in this country, or which had been in public use or on sale in this country more than one year prior to such filing.

Title 35, U.S. Code § 120

Benefit or earlier filing date in the United States

An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States, or as provided by section 363 of this title, which is filed by an inventor or inventors named in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.

Please read carefully before signing the Declaration attached to the accompanying Application.

If you have any questions, please contact Morgan & Finnegan, L.L.P.

FORM:COMB-DEC.NY
Rev. 1/00